



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
FILLMORE FIELD OFFICE

35 East 500 North
Fillmore, UT 84631

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DIVISION OF
OIL, GAS AND MINING

In Reply Refer to:

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(U-010)

UTU-070557

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RETURN RECEIPT REQUESTED

August 24, 2001

GORDON GRIFFITHS
RED DOME INC
7 RAMSHORN CT
SAVANNAH GA 31411

Dear Mr. Griffiths:

Thank for speaking with Sheri Wysong and me on August 21, 2001, concerning the interim financial guarantee for reclamation we are requiring you to submit on or before September 17, 2001.

We wish to clarify our position on the financial guarantee. It does not have to be a bond, but can consist of any of the instruments described in 43 CFR §3809.555. A copy of the section of the regulations that address financial guarantees is enclosed. Please note §3809.554(a) which states:

"You must estimate the cost to reclaim your operations as if BLM were hiring a third-party contractor to perform reclamation of your operations after you have vacated the project area. Your estimate must include BLM's cost to administer the reclamation contract."

The financial guarantee must also be adequate to reclaim all BLM lands disturbed or redisturbed since 1981, not just the active mine sites. This acreage far exceeds the 8.8 acres proposed for reclamation in the 1998 Plan of Operations. Therefore, our requirement of a \$44,000 interim financial guarantee is by far closer to the actual amount required by the regulations than the \$5000 proposed in the 1998 Plan.

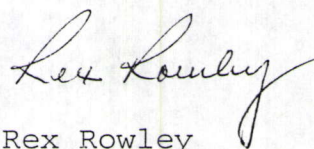
During our conversation, you stated that Red Dome Inc. had lost over \$70,000 this year, and implied that having to post a \$44,000 bond could bankrupt the company. Please be reminded that you may only appropriate minerals from a mining claim if the claim is valid. The basic tenet of validity of a mining claim is that it can be mined at a profit. By stating that Red Dome is not mining at a profit, you raise a serious question of trespass against the

United States Government. We plan to discuss this issue further during our meeting scheduled for the afternoon of September 7, 2001.

If you do not agree that \$44,000 is a reasonable figure for an interim financial guarantee, you may, either before or during our September 7 meeting, propose an alternative amount. If, upon review of your proposal, we agree that is a reasonable amount, you must submit the financial guarantee to Opolonia Abeyta at the Utah State Office of the BLM on or before September 17, 2001.

If you have any questions, please feel free to contact Sheri Wysong at (435)743-3124.

Sincerely,



Rex Rowley
Field Manager

Enclosures

43 CFR §3809.500

cc: D. Wayne Hedberg, UDOGM (M/027/032)
Dexter Anderson, SR Box 52, Fillmore UT 84631

SWysong:cqs